



State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

Michael O. Leavitt
Governor

Ted Stewart
Executive Director

James W. Carter
Division Director

355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203
801-538-5340
801-359-3940 (Fax)
801-538-5319 (TDD)

January 22, 1996

Roger Smith
Energy Fuels Nuclear, Inc.
2555 North Highway 89A
HC 64 Box 152
Fredonia, Arizona 86022

Re: Site Status for Bond Release, Energy Fuels Nuclear, Repete and Lee Mines,
M/037/038, San Juan County, Utah

Dear Mr. Smith:

The Division performed a site inspection of the Repete and Lee Mine on November 2, 1995. At the time of our inspection, the revegetation success at the Repete Adit #2 area was very minimal, probably due to the large amount of clay present in the soils. The reclaimed areas still showed furrowing along the contour which would improve the water retention and revegetation efforts in this very arid region. According to our records, the site was reclaimed in the summer of 1993 which means the vegetation has survived two growing seasons as of the inspection date.

The access road in the SW/4 of the SW/4 of Section 9 to the Repete site has been reclaimed; however, the road to the west of the site in section 8 has not been reclaimed. The unreclaimed portion of this road is believed to be on the Navajo Reservation, which, if it does, will require no reclamation. The Repete Adit #1 was not closely examined during the last inspection.

The revegetation at the Lee site showed better success than vegetation at the Repete site, even though the soils appear to be very similar and also contain a large amount of clay. The furrowing along the contour was also evident at this site. Perhaps this improved water retention and the northern aspect are the main reasons for the improved revegetation success at the Lee site relative to the Repete site.

Because the Repete and Lee site involves federal lands, the BLM will need to be in agreement before the Division can grant full release. With the onset of winter, we will wait until spring 1996 (late March or early April) to inspect the revegetation success at the sites. We will contact the appropriate BLM office to coordinate a joint agency inspection. In the



Page 2
Roger Smith
M/037/038
January 22, 1995

spring of 1996 a majority of the site will have survived three growing seasons which is the typical time period used by the Division to evaluate revegetation success. Spring is generally the best time to evaluate revegetation success in order to observe the vegetation at its fullest.

We appreciate Energy Fuels Nuclear's efforts in performing the required reclamation on the Repete and Lee sites. Mr. Holland Shepherd is now working for the State of New Mexico, and I have been assigned to cover his portion of the state. I apologize for the lengthy delay in responding to your inquiry regarding final reclamation release of these sites. If you have any concerns with this proposed schedule, please notify me, or my supervisor, Wayne Hedberg.

Sincerely,

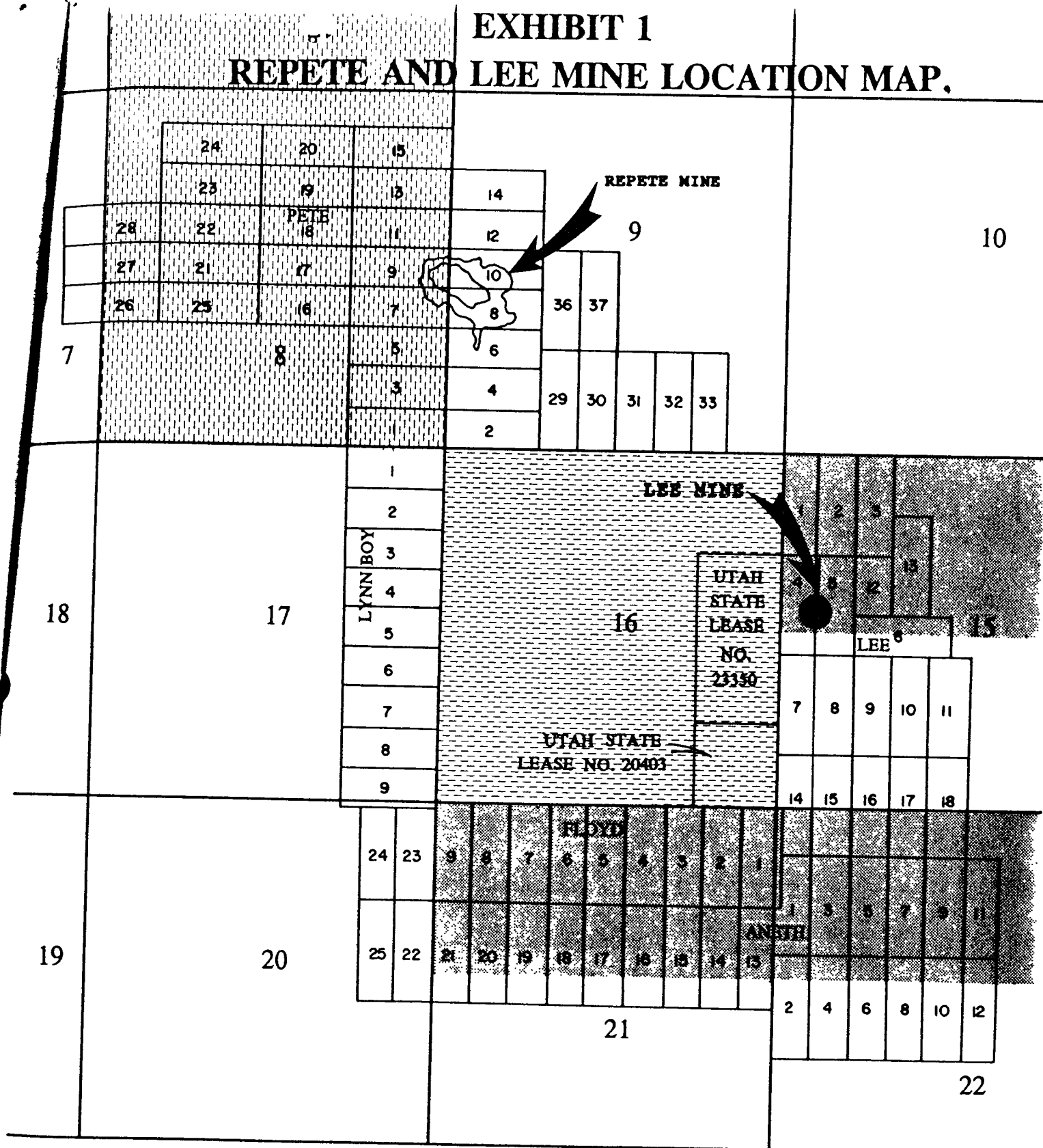


Anthony A. Gallegos
Senior Reclamation Specialist

jb
cc: Ted McDougall, BLM, San Juan RA
M37-38.rel

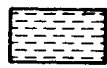
EXHIBIT 1

REPETE AND LEE MINE LOCATION MAP.



LAND OWNERSHIP KEY

 FEDERAL SURFACE
FEDERAL MINERAL

 PRIVATE SURFACE (SHUMWAY)
UTAH STATE - MINERAL

 PRIVATE SURFACE
FEDERAL MINERAL

 SURFACE NAVAJO INDIAN TRIBE
FEDERAL MINERAL



REPETE MINE LOCATION

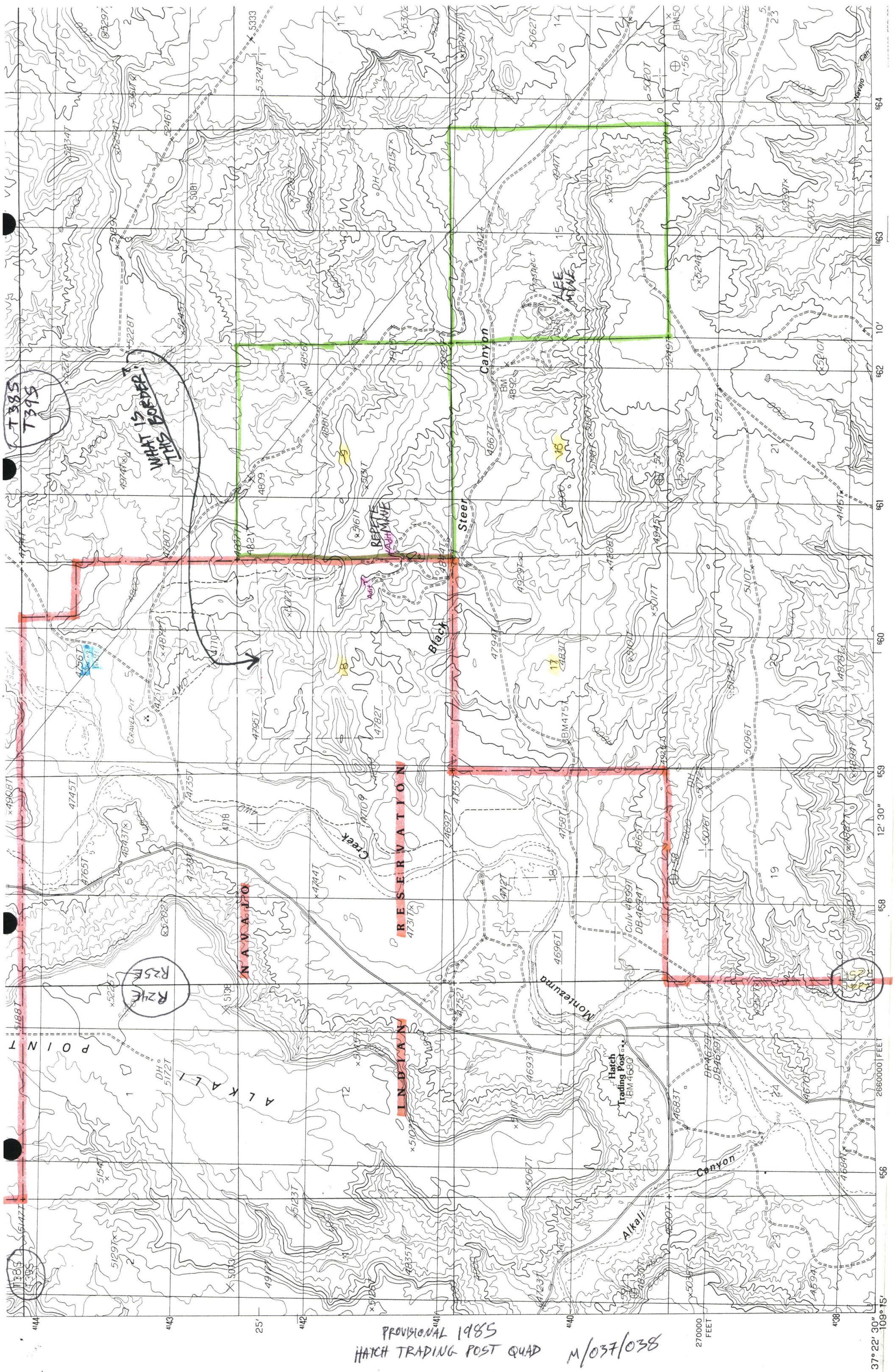


LEE MINE LOCATION

SCALE 1" = 2,000'

"PETE" PROPERTIES LAND STATUS AND CLAIM MAP

TOWNSHIP 39 SOUTH, RANGE 25 EAST, SAN JUAN COUNTY, UTAH



PROVISIONAL 1985
HATCH TRADING POST QUAD

4/40
M/037/038

37° 22' 30" 109° 15'



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August 2, 1995

Mr. Roger B. Smith
Manager of Mining Operations
Energy Fuels Nuclear, Incorporated
2555 North Highway 89A
HC 64, Box 152
Fredonia, Arizona 86022

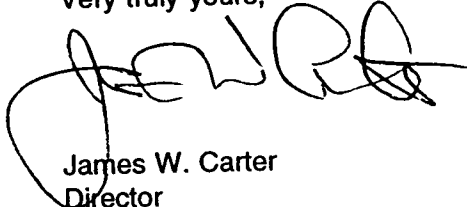
Re: Surety Bond Reduction, Energy Fuels Nuclear, Inc., Repete & Lee Mines, M/037/038, San Juan County, Utah

Dear Mr. Smith:

This letter is forwarded in response to your more recent request for a reduction in the amount of reclamation surety for the reclaimed Repete and Lee uranium mines located in San Juan County, Utah. In recognition of the reclamation performed on these mine sites and recommendations based upon onsite inspections conducted by the Bureau of Land Management and Division, we hereby authorize you to reduce the existing \$10,386 surety bond amount to \$1206. We will need to retain \$1206 of the surety amount to cover supplemental reseeding costs should the previous seeding prove unsuccessful. A revised reclamation surety estimate is attached for your reference.

You may notify your surety company that they may reduce the required surety amount to \$1206. This may be accomplished by issuing a rider to the existing surety bond, or by submitting an alternate form of replacement reclamation surety. We will need to conduct another site inspection to determine revegetation success sometime in the spring of 1996. Final release of the remaining reclamation surety amount will be determined at that time. Please contact Wayne Hedberg or Tony Gallegos of the Minerals Staff if you have additional questions or concerns in this regard.

Very truly yours,



James W. Carter
Director

jb

Attachment

cc: Ted McDougal, San Juan RA
Minerals staff (route)

M037038.bnd

RECLAMATION ESTIMATE

Energy Fuels Nuclear, Incorporated

Repete & Lee Mine sites

M/037/038

last revision

08/02/95

filename M37-38.WB2

page "ESTIMATE"

Grand County

Prepared by Utah State Division of Oil, Gas & Mining

Details of Final Reclamation

- This estimate is a reformatted version of the March 21, 1979 DOGM estimate
- This estimate does not revise any of the original estimate costs
- The plan included: sealing 3 inclines, removal of structures & equipment, removal of trash & debris, regrading of spoil piles, scarification & seeding of disturbances, supervisor labor, removal of hazardous substances, reseeding & monitoring if necessary
- Portal areas #1 & #2 at the Repete Mine are on Navajo Indian Reservation lands
- Portal #2 & access to the portal/pad are on BLM lands
- The majority of the Lee Mine is split estate with private surface & federal mineral rights
- A majority of the reclamation was completed in July-August 1993
- The shaded lines indicate work which has been completed & funds which can be released
- A final inspection to evaluate revegetation success needs to be performed Spring 1996
- Estimated total disturbed area for the Repete & Lee Mine sites = 6.0

Activity	Quantity	Units	\$/unit	\$
Removal of structures & equipment	1	lump sum	500.00	500
Removal of trash & debris	1	lump sum	500.00	500
Leveling pads & roads	included in haulage & grading line item			0
Haulage & grading of spoils & waste	20	hours	85	1,700
Recontouring highwalls & excavations	included in haulage & grading line item			0
Spreading soil materials	included in haulage & grading line item			0
Soil fertilization, scarification, etc.	6.0	acres	25	150
Seeding or planting	6.0	acres	150	900
Constructing terraces, water bars, etc.	0.0	acres	0	0
Supervision	20.0	hours	10	0
Labor exclusive of bulldozer time	0.0	hours	0	0
Erection of fences, portal coverings, etc.	3.0	portals	1000	3,000
Removal or neutralization of hazardous mtl's.	1.0	lump sum	100	100
Reseeding of 6 acres	6.0	acres	150	900
		Subtotal		7,750
5% inflation for 6 years (CAF =1.3401)				2,636
		Total in 1985-\$		\$10,386
Amount of surety which can be released now (shaded items + inflation)				\$9,180
Amount of surety which needs to be retained until final release				<u>\$1,206</u>
REPETE & LEE MINE SITE				
Average cost per acre retained =				\$201



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Moab District
San Juan Resource Area
P.O. Box 7
Monticello, Utah 84535

SJ-93-02
(U-069)

RECEIVED

JUL 21 1993

DIVISION OF
OIL, GAS & MINING

Mr. Holland Shepherd
Senior Reclamation Specialist
State of Utah Division of Oil, Gas & Mining
355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203

Dear Mr. Shepherd:

An inspection of the reclamation work at the Repete and Lee Mines was done on July 16, 1993. The inspection was done by Ted McDougall of this office and Mr. Jerry Richards, Production Superintendent for Energy Fuels Nuclear Inc (EFNI). After visiting the mine sites and reviewing the status plats, it has been determined that the majority of the affected lands are outside the jurisdiction of the Bureau of Land Management. Portal areas No. 1 and No. 3 at the Repete Mine are on the Navajo Indian Reservation. Portal area No. 2 and access to the portal/pad are on federal lands administered by the BLM. The majority of the Lee Mine is split estate with the surface being in private ownership and the minerals being reserved to the federal government. Only a small portion of the disturbance at the southern extreme of the Lee Mine area is BLM administered land.

Overall, we feel that the reclamation work at the mine sites is well done. Energy Fuels has put a lot of effort into reshaping the mine dumps and closing the old portals and access roads. We do have some concern about the timing of the seed application. Generally we prefer to seed later in autumn to take advantage of increased precipitation and cooler temperatures, although it is possible that the seeds could remain viable until this fall.

A 15-20 feet vertical cut bank (highwall) exists at the Lee Mine site. The highwall is located on private surface. The highwall is very obvious from the county road and will remain so after the surrounding area has recovered. In consideration of our administrative constraints on split estate lands, we are recommending that the highwall be reduced to approximate the adjacent reclaimed slope. However, this recommendation is conditional on the equipment still being available at the site.

Subsequent to our inspection, you indicated in telephone conversation that the Division intends a partial bond release on the site for the work determined to be acceptable, and that adequate bonding would be retained as a contingency for seeding. We are in agreement with partial release of EFNI's bond and since the majority of the site is outside the public domain, we will accept the Divisions judgement on the bond amount to retain. Please keep us informed of your decisions and any developments in the case that may affect public land. We also request that you notify us prior to final release of the site and allow us the opportunity for a close-out inspection of the site.

If you have questions, please contact Ted McDougall of my staff at (801) 259-2141.

Sincerely,

A handwritten signature in cursive script, reading "Sherwin N. Sandberg". The signature is written in dark ink and is positioned above the printed name "Area Manager".

Area Manager